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ABSTRACT

A nine-state survey determined fiscal policies regarding educating children with disabilities residing in state institutions of mental health or mental retardation. States included California, Colorado, Massachusetts, Michigan, Minnesota, South Carolina, Vermont, Virginia, and Wisconsin. It was found that predominantly state-appropriated dollars were used to pay for educating institutionalized children whose school was located at the institution. In some states, federal Chapter 1 monies were used to provide services supplemental to the state-operated special education programs. The states in the sample were about equally divided on the question of which state agency, Education, Mental Health, or Mental Retardation, pays the educational costs. Only in Minnesota and Colorado are the school districts directly involved in paying for some or all of the educational costs for children with disabilities residing in state mental retardation or mental health institutions. In Virginia, some State Department of Education monies that normally would flow to the home school district were diverted to the State Department of Mental Retardation. When special education took place off institutional grounds, there was a tendency for the State Education Agency and the local school districts to become involved in financial and programmatic areas. (SW)

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A Brief Overview of Nine States' Funding Policies for the Education of Children Residing in State Department of Mental Health or Department of Mental Retardation Facilities

A Product of Project FORUM at NASDSE

April 1991

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A Brief Overview of Nine States' Funding Policies for the Education of Children Residing in State Department of Mental Health or Department of Mental Retardation Facilities

A Product of Project FORUM at NASDSE

In response to an inquiry from Tennessee, Project Forum at NASDSE conducted a brief survey of nine states during the last week of February and the first week of March, 1991. The purpose of the inquiry was to collect information on states' policies regarding fiscal responsibility for the education of children with disabilities residing in state institutions of mental health or mental retardation. Nine states were queried, including California, Colorado, Massachusetts, Michigan, Minnesota, South Carolina, Vermont, Virginia, and Wisconsin. Data was gathered via telephone interviews with special education personnel from the State Department of Education who were most knowledgeable about residential programs for children with disabilities. In one case, however, the respondent was a State Director of Special Education.

The interview protocol was constructed in two parts for a total of four questions. Three questions were in the first part.

1) If a child resides in a State Department of Mental Health or Department of Mental Retardation institution and attends school on the grounds of that facility, who pays for the child's education program?

2) What is the source of these funds?

3) What is the funding mechanism? In other words, how do the funds get from the source to the school?

The second part was based on a somewhat different scenario and consisted of only one question. If a child resides in a State Department of Mental Health or Department of Mental Retardation institution but attends school off-grounds in the local public school which agency is responsible financially and programmatically for the child's education?

Question 1: If a child resides in a State Department of Mental Health or Department of Mental Retardation institution and attends school on the grounds of that facility, who pays for the child's education program?

Table 1 illustrates the responses to Question 1. In the case of children educated on the grounds of State Department of Mental Retardation institutions, four states reported that the State Education Agency pays for the child's education, one reported the home school district (i.e., where the parents or guardian reside) bears the cost, and three identified the State Department of Mental Retardation as paying for educational services. In Virginia,

the bulk of the costs are paid by the Department of Mental Retardation, but some State Education Agency monies also go to support these schools.

For children attending school in State Department of Mental Health facilities, the State Education Agency pays for the education costs in three states, the home school district in one state, the Department of Mental Health in four states; and in Michigan, the costs are shared by the State Education Agency and State Department of Mental Health. In Michigan, Colorado, and Virginia the extent to which the State Education Agencies are involved in paying educational costs depends on whether the institution is operated by the Department of Mental Health or the Department of Mental Retardation.

Table 1
Entities Responsible For Education Costs For Students With Disabilities Residing In State Institutional Schools Operated by the Department of Mental Retardation or Mental Health

State	Mental Retardation Facilities			Mental Health Facilities		
	Agency Paying			Agency Paying		
	LEA	MR	SEA	LEA	MH	SEA
California		X			X	
Colorado			X		X	
Massachusetts			X			X
Michigan			X		X	X
Minnesota	X			X		
South Carolina		X			X	
Vermont			X			X
Virginia		X	X			X
Wisconsin		X			X	

Question 2: What is the source of the funds supporting education in a residential school?

This question explored the source of the funds paying for the education of children with disabilities who simultaneously are residing at and attending schools on the grounds of Department of Mental Health or Department of Mental Retardation institutions. All nine

states indicated that the primary source is state funds, either from the State Education Agency, Department of Mental Health, or Department of Mental Retardation budgets. Four states, California, Wisconsin, Virginia, and Massachusetts, specifically mentioned the additional use of federal funds in the form of Chapter 1 (P.L. 89-313) monies to help pay the cost of supplemental services. In addition, Massachusetts also uses federal Part B (P.L. 94-142) discretionary funds in some instances. Local school district funds are used in combination with state funds in two states, Colorado and Minnesota. In these states, local school districts pay the excess costs of education beyond the basic state reimbursement paid directly to the residential school. In both instances the excess costs were paid by the home school district.

Question 3: What is the funding mechanism for residential schools?

Responses to the question concerning funding mechanisms are summarized below on a state-by-state basis. The amount of detail used to describe the funding streams varied among respondents.

California — Education costs are a line item in the operating budgets of the Department of Mental Health or Department of Mental Retardation, depending on the agency operating the facility.

Colorado — A Department of Mental Retardation facility is given the Per Pupil Operating Revenue by the State Education Agency. If this is insufficient, then the home school district is billed for the excess.

The cost of education in a Department of Mental Health facility is borne by the Department of Mental Health who pays the facility directly from their budget.

Massachusetts — The State Education Agency pays the costs of these educational services as a line item in their budget identified for the Bureau of Institutional Schools. Schools on the grounds of these facilities are operated and staffed by the State Education Agency, or their vendors, and paid for primarily with state funds.

Michigan — The cost of education in a Department of Mental Retardation facility is covered by a line item appropriation in the state Public School Budget. However, the local or intermediate school district where the facility is located operates the school on the grounds of the institution.

For Department of Mental Health facilities, the Department of Mental Health operates the school but costs are shared by both the State Education Agency and Department of Mental Health. The State Education Agency transfers to the Department of Mental Health an amount of funds equivalent to the State Per Pupil Guarantee for each

child educated at the facility. The rest of the cost is covered by a line item appropriation in the State Department of Mental Health budget.

Minnesota

The State Education Agency directly pays the facility from Special Education Aid. This sum is intended to cover teacher salaries and staff. The State Education Aid paid to the facility is subtracted from the total instructional cost as calculated by the school. The balance is billed to the home school district.

South Carolina

The costs are paid from a line item appropriation in the State Department of Mental Health or Department of Mental Retardation budget depending on the agency operating the facility.

Vermont

The State Education Agency has a line item in its budget for "State-Placed Students". The Department of Mental Health or Department of Mental Retardation facility is given a grant from these funds to pay the instructional costs of students attending school in the institution.

NOTE: This line item covers all types of residential schools, not just those operated by the Departments of Mental Health and Mental Retardation.

Virginia

The State Education Agency has a line item appropriation in its budget to pay the cost of educating children residing in Department of Mental Health facilities. The State Education Agency hires the teachers through the local school district and assigns them to the facility.

Department of Mental Retardation facility schools are supported by monies in the State Department of Mental Retardation budget with additional contributions from the State Education Agency obtained by diverting some monies from its appropriation for school districts and transferring these funds directly to the Department of Mental Retardation.

If, on the other hand, the home school district has chosen the residential school as the least restrictive placement for the student in question, the home school district is billed directly for the entire educational cost since "the placement was made for the purpose of [implementing special] education not habilitation."

Wisconsin

The cost of educating children with disabilities residing in both Department of Mental Health and Department of Mental Retardation facilities is paid directly from the budgets of the respective departments. In addition, the State Education Agency transfers Chapter 1 (P.L. 89-313) monies to the Department of Mental Health or Department of Mental Retardation to supplement state operated special education programs for these children.

Question 4: **If a child resides in a State Department of Mental Health or Department of Mental Retardation institution but attends school off-grounds in the local public school who is responsible financially and programmatically for the child's education?**

The responses to this question are summarized below by state. The term "facility school district" refers to the local community school system that the child attends outside the institution. The term "home school district" refers to the local community school system where the child resided prior to commitment, or where the parents or guardian currently reside.

California — The State Department of Mental Health or Department of Mental Retardation, depending on the which agency operates the institution, pays the facility school district for educating the child. The state operated, residential facility is responsible for the programmatic arrangements, but there must be representation from the facility school district.

Colorado — The State Education Agency pays the Per Pupil Operating Revenue to the facility school district and the home school district is billed for any excess costs. Some services, such as psychiatric treatment, may be paid for by the Department of Mental Health. The facility school district is usually in charge of running the programmatic aspects; however, the home school district is ultimately held responsible for insuring the student's Individualized Education Program is fully implemented.

Massachusetts — Although there are some cases to the contrary, usually the facility school district provides services and then recovers the cost by billing the home school district. The facility school district is responsible for the programmatic arrangements.

Michigan — The State Education Agency pays the costs "off the top of" its budget. For children residing in Department of Mental Retardation institutions, the facility school district handles the program arrangements. In cases involving students who are also Department of Mental Health clients, the facility school district and the Department of Mental Health facility are involved jointly in determining the program.

Minnesota — Financial obligations are identical to the first scenario. The home school district is billed by the facility school district for all instructional costs. The facility school district is responsible for all program components.

South Carolina — Technically, the facility school district can bill the home school district for costs based on a specific formula. In practice, however, the facility school district usually absorbs the cost. The facility school district is responsible for the programmatic arrangements.

Vermont — The State Education Agency uses state dollars to pay the actual special education costs; except that "Mainstreaming Costs" are paid by the facility school district from a state grant for that purpose. The facility school district is responsible for the program components.

These arrangements currently apply only to children residing in Department of Mental Health institutions. There are no students with disabilities residing in institutions run by the Department of Mental Retardation who would attend school off-grounds because all are medically fragile.

Virginia — This proposed scenario is not likely to occur in the case of Department of Mental Health facilities. Very few children are in long-term care and they would not be educated off the grounds of the institution.

In the case of students residing at facilities operated by the Department of Mental Retardation, the educational cost is paid directly to the facility school district by the State Department of Mental Retardation. The Board of Mental Retardation and Mental Health are responsible for the programmatic arrangements.

Wisconsin — The facility school district bills the State Education Agency for all costs of educating the student. The line item, "State Tuition" in the State Education Agency's budget covers these costs. The facility school district is in charge of the programmatic arrangements.

Summary

In spite of the state-to-state variability in funding mechanisms, it is predominately state appropriated dollars rather than local or federal funds that are used to pay the costs of educating children with disabilities residing in Department of Mental Health or Department of Mental Retardation institutions and attending school at the facility. In some states federal Chapter 1 (P.L. 89-313) monies also are used to provide services that are supplemental to the state-operated special education programs. The states in this sample are about equally divided on the question of which state agency, Education, Mental Health, or Mental Retardation, pays the educational costs. Only in Minnesota and Colorado are the school districts directly involved in paying for some or all of the educational costs for children with disabilities residing in institutions operated by the Department of Mental Retardation or Mental Health. In Virginia, some State Department of Education monies

that normally would flow to the home school district are diverted to the State Department of Mental Retardation.

Responses to Question 3 and 4 varied with no clear way of categorizing them. Nevertheless, there is a tendency for the State Education Agency and the local school districts to become more involved in both the financial and programmatic aspects of the child's education when special education takes place off of the institutional grounds.

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